

Message Text

CONFIDENTIAL

PAGE 01 VIENNA 02391 132104Z

ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 ITC-01 SP-02 USIA-06
AID-05 NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01
CIAE-00 COME-00 FRB-03 INR-10 NSAE-00 XMB-02
OPIC-03 LAB-04 SIL-01 L-03 H-01 PA-01 /105 W
-----092615 140427Z /62

R 131701Z MAR 78
FM AMEMBASSY VIENNA
TO SECSTATE WASHDC 5543
USMISSION GENEVA
AMEMBASSY BRUSSELS
AMEMBASSY PARIS

C O N F I D E N T I A L VIENNA 02391

BRUSSELS FOR USEEC
PARIS FOR USOECD

E.O. 11652: GDS
TAGS: ETRD, GATT, AU
SUBJECT: AUSTRIAN INCREASES IN VALUE ADDED TAXES
AND RESCISSION OF TARIFF CUTS

REF: STATE 50377

1. EMBASSY HAS MADE REPRESENTATION REQUESTED AND LEFT
PAPER BASED ON REFTEL POINTS. IN OUR PRESENTATION
WE STRESSED ESPECIALLY THE INCREASED DISCRIMINATORY
EFFECTS OF THE AUSTRIAN MEASURES AND RECENT SPEECHES
BY BOTH THE GOA FOREIGN AND FINANCE MINISTERS WHICH
ARGUED FOR FREER TRADE AND WARNED OF THE DANGERS OF
GROWING PROTECTIONIST PRESSURES THROUGHOUT THE
TRADING WORLD. THE GOA OFFICIALS CONTACTED RESPONDED
ALONG THE LINES USED BY THEIR DELEGATE (DR. WAAS)
AT THE OECD TRADE COMMITTEE MEETING (PARIS 6752).
THEY SAID, TOO, THAT THE GOA IS IN THE PROCESS OF
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 VIENNA 02391 132104Z

REPORTING THE TARIFF RECISSIONS AND VAT INCREASES TO
THE OECD. GOA OFFICIALS EXPRESSED HOPE THAT THE
GROWING BALANCE OF PAYMENTS AND BUDGET DEFICITS,
WHICH LED TO THE INCREASES, COULD BE CONTROLLED AND
REVERSED SO THAT CONSIDERATION MIGHT BE GIVEN TO
POSSIBLE CHANGES. THEY NOTED TOO THAT INCREASING THE
VAT WAS THE ONLY FEASIBLE METHOD AVAILABLE FOR

"DUTYING" IMPORTS FROM THE EC, AND THAT WHILE INCLUSION OF DUTIES IN THE VALUE BASIS FOR VAT ASSESSMENT DID PLACE EC/EFTA NON-MEMBERS AT SOME DISADVANTAGE, THE US HAD WELL OVERCOME THIS THROUGH CONTINUED DECLINES IN THE VALUE OF THE DOLLAR.

2. COMMENT. ALTHOUGH GOA OFFICIALS WERE RESTRAINED IN RESPONDING TO OUR REPRESENTATION, GROWING AUSTRIAN FRUSTRATION WITH INCREASING BARRIERS TO THEIR EXPORTS IS CLEARLY EVIDENT. MOST OF THIS IS DIRECTED AT THE EC (AUSTRIA'S LARGEST EXPORT MARKET BY A WIDE MARGIN) BUT US ACTIONS HAVE NOT GONE UNNOTICED. US SPECIALTY STEEL QUOTAS AND THE NEW STEEL IMPORT REGIME HAVE BEEN CHALLENGED, AND THE REOPENING (PRECEDED BY TWO ON SITE INVESTIGATIONS) OF ANTI-DUMPING PROCEEDINGS AGAINST CHEMIEFASER LENZIG SO SOON AFTER THE CASE WAS PRONOUNCED CLOSED HAS BEEN ESPECIALLY RESENTED. CURRENT EFFORTS TO PUT TEETH IN AUSTRIA'S HITHERTO INEFFECTIVE ANTI-DUMPING PROCEDURES ARE RELATED. IN SHORT, THE GOA HAS MADE IT CLEAR THAT WHILE IT BELIEVES A FREE INTERNATIONAL TRADING SYSTEM IS THE ONLY VIABLE ALTERNATIVE, IT BELIEVES TOO THAT THE MAJOR TRADING NATIONS HAVE A PARTICULAR (AND DIFFICULT) RESPONSIBILITY RIGHT NOW TO LEAD IN RESISTING PROTECTIONIST PRESSURES. WOLF

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: VALUE ADDED TAXES, TAXES, TARIFFS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978VIENNA02391
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780112-0573
Format: TEL
From: VIENNA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780374/aaaackmn.tel
Line Count: 86
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 1800f6c7-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 STATE 50377
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 12 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3347849
Secure: OPEN
Status: NATIVE
Subject: AUSTRIAN INCREASES IN VALUE ADDED TAXES AND RESCISSION OF TARIFF CUTS
TAGS: ETRD, AU, GATT
To: STATE GENEVA
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/1800f6c7-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014